Company Registration No. 198205192W

Sembawang Engineers and Constructors Pte Ltd

Annual Financial Statements
31 March 2015

Sembawang Engineers and Constructors Pte Ltd

General information

Directors

Atul Punj	(Chairman)
Atul Dalakoti	(appointed on 6 April 2015)
Jayarama Prasad Chalasani	
Nidhi Kumar Narang	(appointed on 6 April 2015)
Luv Chhabra	(Deputy Chairman; resigned on 10 April 2015)

Secretary

Loh Lee Eng	(appointed 24 March 2015)
Lick Lay Chen	(resigned on 23 December 2014)

Registered Office

5 Maxwell Road
#16-00 Tower Block
MND Complex
Singapore 069110

Bankers

Citibank N.A.
CIMB Bank
Deutsche Bank
ICICI Bank
State Bank of India
Indian Bank
Indian Overseas Bank
UCO Bank
Standard Chartered Bank
OCBC Bank
Qatar National Bank SAO
DBS Bank Ltd
United Overseas Bank Ltd
Hongkong and Shanghai Banking Corporation Limited

Auditor

Ernst & Young LLP

Sembawang Engineers and Constructors Pte Ltd

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Sembawang Engineers and Constructors Pte Ltd

Statement by directors

We, Jayarama Prasad Chalasani and Nidhi Kumar Narang, being two of the directors of Sembawang Engineers and Constructors Pte Ltd (the "Company"), do hereby state that, in the opinion of the directors:

(i) the accompanying balance sheet, income statement, statement of comprehensive income, statement of changes in equity, and cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and the results of the business, changes in equity and cash flows of the Company for the financial year ended on that date, and

(ii) 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.

On behalf of the board of directors:

Jayarama Prasad Chalasani
Director

Nidhi Kumar Narang
Director

Singapore
20 May 2015

Independent auditor's report to the members of Sembawang Engineers and Constructors Pte Ltd

Report on the financial statements

We have audited the accompanying financial statements of the Sembawang Engineers and Constructors Pte Ltd (the "Company") set out on pages 4 to 54, which comprise the balance sheet as at 31 March 2015, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the financial year then ended, 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 Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets 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 about 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 judgment, 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 of the financial statements that give a true and fair view 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.

Independent auditor's report to the members of Sembawang Engineers and Constructors Pte Ltd

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

20 May 2015

Sembawang Engineers and Constructors Pte Ltd

Income statement
For the financial year ended 31 March 2015

	Note	2015	2014
		$'000	$'000
Revenue	3	214,525	232,554
Cost of sales		(241,058)	(214,107)
Gross (loss)/profit		(26,533)	18,447
Other operating income		7,244	5,851
Distribution expenses		(286)	(971)
Administrative expenses		(15,861)	(17,141)
Finance costs		(1,457)	(1,141)
Other expenses		(20)	(655)
(Loss)/profit before taxation	4	(36,913)	4,390
Taxation	5	1,531	1,233
(Loss)/profit for the year		(35,382)	5,623

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Sembawang Engineers and Constructors Pte Ltd

Statement of comprehensive income
For the financial year ended 31 March 2015

	2015	2014
	$'000	$'000
(Loss)/profit for the year	(35,382)	5,623
Other comprehensive income:		
Foreign currency translation arising from translation of financial statements of overseas operations	(935)	(329)
Other comprehensive (loss)/income for the year, net of tax	(935)	(329)
Total comprehensive (loss)/income for the year	(36,317)	5,294

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Sembawang Engineers and Constructors Pte Ltd

Balance sheet
As at 31 March 2015

	Note	2015	2014
		$'000	$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,578	2,096
Intangible assets	7	672	806
Interests in subsidiaries	8	5,076	5,522
Loans to subsidiaries	8	46,317	45,089
Trade receivables	10	11,767	18,146
Amounts due from related parties	12	20,574	19,133
Deferred tax asset	18	396	369
		86,380	91,161
Current assets			
Inventories and construction work-in-progress	9	90,927	114,815
Trade receivables	10	40,099	40,984
Other receivables and deposits	11	2,610	2,893
Prepayments		405	624
Amounts due from related parties	12	102,089	100,878
Cash and short term deposits	13	8,572	27,140
		244,702	287,334
Total assets		331,082	378,495
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	14	147,077	145,455
Amounts due to related parties	15	11,121	9,894
Amounts due to minority shareholders of subsidiaries		–	33
Current tax payable		5,256	2,115
Provisions	16	279	279
Bank borrowings	17	33,717	34,336
		197,450	192,112
Net current assets		47,252	95,222
Non-current liabilities			
Bank borrowings	17	–	7,600
Trade and other payables	14	5,533	8,337
Deferred tax liabilities	18	1,270	7,300
		6,803	23,237
Total liabilities		204,253	215,349
Net assets		126,829	163,146
Equity attributable to equity holders of the Company			
Share capital	19	186,425	186,425
Currency translation reserve		(821)	114
Accumulated losses		(58,775)	(23,393)
Total equity		126,829	163,146
Total equity and liabilities		331,082	378,495

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of changes in equity
For the financial year ended 31 March 2015

	Note	Share capital	Currency translation reserve	Accumulated losses	Total
		$'000	$'000	$'000	$'000
At 1 April 2013		186,425	443	(29,016)	157,852
Profit for the year and total comprehensive income		–	(329)	5,623	5,294
At 31 March 2014 and 1 April 2014		186,425	114	(23,393)	163,146
Loss for the year and total comprehensive income		–	(935)	(35,382)	(36,317)
At 31 March 2015		186,425	(821)	(58,775)	126,829

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Sembawang Engineers and Constructors Pte Ltd

Cash flow statement
For the financial year ended 31 March 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
(Loss)/profit before taxation		(36,913)	4,390
Adjustments for :			
Allowance for doubtful trade receivables	10	57	–
Allowance for impairment of investment in subsidiaries		538	780
Write-back of allowance for doubtful loan receivable due from related parties		–	(125)
Write-back of allowance for doubtful trade receivables	10	–	(52)
Write-back of allowance for doubtful loans receivables from subsidiaries		(518)	–
Amortisation of intangible assets	7	148	158
Depreciation of property, plant and equipment	6	739	996
Gain on disposal of property, plant and equipment		(7)	(2)
Interest expenses		1,457	1,141
Interest income		(4,818)	(5,042)
Property, plant and equipment written off		3	2
Intangible assets written off		–	9
Foreign exchange gain		(1,920)	(308)
Operating (loss)/profit before changes in working capital		(41,234)	1,947
Increase in construction work-in-progress		23,888	(26,432)
Decrease/(increase) in trade receivables		7,207	(637)
Decrease in amounts due from related parties		804	2,302
Increase/(decrease) in amounts due to related parties		1,226	(2,765)
Decrease in other receivables, deposits and prepayments		512	1,304
(Decrease)/increase in amount due to non-controlling interest of a subsidiary		(33)	33
Increase in trade and other payables		48	2,103
Cash used in from operations		(7,582)	(22,145)
Interest received		9	5
Interest paid		(1,344)	(1,141)
Income tax paid		(1,383)	(4,002)
Cash flows used in operating activities		(10,300)	(27,283)
Cash flows from investing activities			
Increase in loans to subsidiaries		(710)	(4,377)
Purchase of property, plant and equipment	6	(201)	(821)
Increase in amount due from joint venture		–	(1,692)
Proceeds from disposal of property, plant and equipment		12	74
Purchase of intangible assets	7	(14)	(31)
Acquisition of subsidiaries		(92)	(88)
Cash flows used in investing activities		(1,005)	(6,935)
Cash flows from financing activities			
Proceeds on bank borrowings		–	19,033
Dividend paid (Note A)		–	(192)
Pledge of security deposits		(8,214)	–
Cash flows (used)/generated from financing activities		(8,214)	18,841
Net decrease in cash and cash equivalents		(19,519)	(15,377)
Cash and cash equivalents at beginning of the year		16,677	32,096
Effect of exchange rate changes on balances held in foreign currency		956	(42)
Cash and cash equivalents at end of the year	13	(1,866)	16,677

Note A: The dividends paid out in the financial year ended 2014 relates to dividends for the financial year ended 31 March 2013.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is a private limited company domiciled and incorporated in Singapore. The Company's registered office and principal place of business is at 5 Maxwell Road, #16-00 Tower Block, MND Complex, Singapore 069110.

The principal activities of the Company are those relating to an engineering and construction provider 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 ("PLL"), a company incorporated in India.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities which are stated at fair value.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000) except where otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014.The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Company has not adopted the following standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	1 July 2014
(d) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(e) Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*	1 July 2014
(f) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(c) Amendments to FRS 40 *Investment Property*	1 July 2014
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 1: *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 16 *Property, plant and equipment* and FRS 41: *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 27: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111: *Accounting for Acquisitions of Interest in Joint Operations*	1 January 2016
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 *Significant accounting estimates and judgements*

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) *Key sources of estimation uncertainty*

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.

<u>Income taxes</u>

Significant judgement is involved in determining the Company provision for income taxes. The Company recognises liabilities for expected 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 payable, deferred tax liabilities and deferred tax assets at 31 March 2015 are $5,256,000 (2014: $2,115,000), $1,270,000 (2014: $7,300,000) and $396,000 (2014: $369,000) respectively.

(b) *Critical assumptions made in applying accounting policies*

<u>Contract revenue</u>

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' engineering instructions and value of work performed.

2. Summary of significant accounting policies (cont'd)

2.5 *Functional and foreign currency*

(a) *Functional currency*

The functional currency of the Company is the Singapore dollar. As sales and purchases are denominated primarily in Singapore dollars and receipts from operations are usually retained in Singapore dollars, the management is of the opinion that the Singapore dollars reflects the economic substance of the underlying events and circumstances relevant to the Company.

(b) *Transactions and balances*

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Company's net investment in foreign subsidiaries, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement on disposal of the foreign operation.

(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 the transactions. The exchange differences arising on the translation are recognised in 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. Summary of significant accounting policies (cont'd)

2.6 *Subsidiaries and principles of consolidation*

(i) *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.

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

(ii) *Principles of consolidation*

No consolidated financial statements of the Company and its subsidiaries have been prepared. The minority shareholder has been informed about, and does not object to, the Company and its subsidiaries not presenting consolidated financial statements.

The Company's ultimate holding company, Punj Lloyd Ltd, incorporated in India which prepares consolidated financial statements available for public use. The consolidated financial statements of Punj Lloyd Ltd are available at its registered office situated at 17-18 Nehru Place, New Delhi-110019 India.

2.7 *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 having 20% or more of the voting power, or has representation on the board of directors.

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

2.8 *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 the proportionate consolidation method. The Company combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with the 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 intragroup 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.

2. Summary of significant accounting policies (cont'd)

2.8 *Joint venture (cont'd)*

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.

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.

2.9 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

No depreciation is provided on freehold land and assets under construction.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Plant and machinery	–	3 to 5 years
Furniture and fittings	–	3 to 5 years
Office equipment	–	3 years
Computer equipment	–	2 to 5 years
Motor vehicles	–	3 to 5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.10 ***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.

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 that 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 circumstance 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 operations on or after 1 January 2005 are treated as assets and liabilities of the 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.

2. Summary of significant accounting policies (cont'd)

2.10 *Intangible assets (cont'd)*

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 development 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 consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

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

Software	–	3 years to 5 years

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.11 ***Impairment of non-financial assets***

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (cont'd)

2.12 *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.13 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company's cash management.

Bank deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39.

2. Summary of significant accounting policies (cont'd)

2.14 ***Trade and other receivables***

Trade and other receivables, including amounts due from subsidiaries, associates, related companies and loans to related companies are classified and accounted for as loans and receivables under FRS 39.

An allowance is made for uncollectible amounts when there is objective evidence that the Company will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.15 below.

Interest-free intercompany loans - non-quasi equity

In the Company's financial statements, interest-free intercompany loans to subsidiaries are stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investments in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in the income statement over the expected repayment year.

2.15 ***Impairment of financial assets***

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

2. Summary of significant accounting policies (cont'd)

2.15 *Impairment of financial assets (cont'd)*

(a) *Financial assets carried at amortised cost (cont'd)*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.16 *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 balance sheet under "trade receivables". Amounts received before the related work is performed are included in the balance sheet, as a liability, as "progress claims in excess of construction work-in-progress".

2. Summary of significant accounting policies (cont'd)

2.17 *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.18 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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. Summary of significant accounting policies (cont'd)

2.19 *Employee benefits*

Defined contribution plans

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Company make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the year in which the related service is performed.

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

2.20 *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 grants are intended to compensate. Grants related to income are deducted against related expenses.

2.21 *Operating leases*

Where the Company has the use of assets under operating leases, obligations under the leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting year in which they are incurred.

2.22 *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. Summary of significant accounting policies (cont'd)

2.23 *Share capital*

Ordinary shares

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Dividends

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

2.24 *Revenue recognition*

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.

Sale 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.

Dividend income

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

Interest income

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (cont'd)

2.25 *Income taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside the income statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (cont'd)

2.25 *Income taxes (cont'd)*

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at each balance sheet date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax – Goods and services tax, and value added tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. Summary of significant accounting policies (cont'd)

2.26 *Contingencies*

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.

A contingent asset is a possible asset 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.

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

2.27 *Related parties*

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 a parent of the Company.

2. Summary of significant accounting policies (cont'd)

2.27 *Related parties (cont'd)*

(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 group (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 group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third 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).

3. Revenue

Revenue comprises construction revenue. It excludes dividends, interest income, and rental income.

4. (Loss)/profit before taxation

Profit before taxation is stated after charging/(crediting):

	Note	2015	2014
		$'000	$'000
(a) ***Other operating income include***			
Interest income from:			
- Banks		(9)	(5)
- Related companies		(4,809)	(4,774)
- Deemed interests		–	(263)
Gain on disposal of property, plant and equipment		(7)	(2)
Gain on foreign exchange		(2,388)	(772)
Sundry income		(31)	(35)
(b) ***Cost of sales/administrative expenses/other operating expenses include***			
Write back of allowance for doubtful trade receivables	10	–	(52)
Allowance for doubtful trade receivables		57	–
Amortisation of intangible assets	7	148	158
Depreciation of property, plant and equipment	6	739	996
Property, plant and equipment written off		3	2
Intangible asset written off		–	9
Operating lease expenses		1,929	2,015
(c) ***Other expenses include***			
Write back of allowance for doubtful loans receivables from related parties	12	(518)	–
Write back of allowance for doubtful loan receivable due from related parties	12	–	(125)
Allowance for impairment of investment in subsidiaries	8	538	780
		20	655

Operating lease expenses of $280,000 (2014: $235,000) is classified as cost of sales and an amount of $1,649,000 (2014: $1,780,000) was classified as administrative expenses.

4. (Loss)/profit before taxation (cont'd)

	2015	2014
	$'000	$'000
(d) ***Staff costs include***		
Salaries and allowances	36,534	39,938
Defined contribution plan expenses	1,723	2,019
	38,257	41,957

	2015	2014
(e) ***Finance costs***		
Interest paid and payable to:		
- Deemed interest	113	–
- Banks	1,344	1,141

5. Taxation

	2015	2014
	$'000	$'000
Current tax expense		
- Current year	–	(1,829)
- Over provision in prior years	(4,499)	4,124
Deferred tax – current year	–	(562)
Deferred tax – prior years	6,030	(500)
	1,531	1,233

A reconciliation between taxation and the product of accounting (loss)/profit multiplied by the applicable tax rate is as follows:

	2015	2014
	$'000	$'000
(Loss)/profit before taxation	(36,913)	4,390
Taxation at statutory tax rate of 17%	6,275	(746)
Adjustments:		
Expenses not deductible for tax purposes	(542)	(629)
Income not subject to tax	774	169
Partial tax exemption	–	55
Over provision in prior years	1,531	3,624
Effects of different tax rates in other countries	(30)	
Deferred tax assets not recognised	(6,405)	(1,134)
Others	(72)	(106)
	1,531	1,233

6. Property, plant and equipment

	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Cost				
At 1 April 2013	2,594	6,508	1,544	10,646
Additions	474	263	84	821
Disposals/write-off	(1,112)	(861)	(199)	(2,172)
Translation differences	3	50	(2)	51
At 31 March 2014 and 1 April 2014	1,959	5,960	1,427	9,346
Additions	128	51	22	201
Disposals/write-off	(4)	(162)	(165)	(331)
Translation differences	29	10	10	49
At 31 March 2015	2,112	5,859	1,294	9,265
Accumulated depreciation and impairment losses				
At 1 April 2013	1,680	5,514	1,134	8,328
Depreciation charge for the year	492	371	114	977
Disposals/write-off	(1,067)	(859)	(173)	(2,099)
Translation differences	–	46	(2)	44
At 31 March 2014 and 1 April 2014	1,105	5,072	1,073	7,250
Depreciation charge for the year	294	325	120	739
Disposals/write-off	(1)	(157)	(165)	(323)
Translation differences	10	3	8	21
At 31 March 2015	1,408	5,243	1,036	7,687
Net carrying amount				
At 31 March 2015	704	616	258	1,578
At 31 March 2014	854	888	354	2,096

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

	2015	2014
	$'000	$'000
Depreciation charge for the year	739	977
Depreciation included in work-in-progress	–	19
Depreciation charge (Note 4)	739	996

7. Intangible assets

	Club membership	Software	Goodwill	Total
	$'000	$'000	$'000	$'000
Cost				
At 1 April 2013	328	8,103	408	8,839
Costs incurred during the year	–	31	–	31
Disposals/write-off	(178)	(26)	–	(204)
At 31 March 2014	150	8,108	408	8,666
Costs incurred during the year	–	14	–	14
At 31 March 2015	150	8,121	408	8,679
Accumulated amortisation and impairment losses				
At 1 April 2013	320	7,577	–	7,897
Amortisation charge for the year	–	158	–	158
Disposals/write-off	(170)	(27)	–	(195)
Translation differences		(1)		
At 31 March 2014	150	7,709	–	7,859
Amortisation charge for the year	–	148	–	148
At 31 March 2015	150	7,857	–	8,007
Net carrying amount				
At 31 March 2015	–	264	408	672
At 31 March 2014	–	398	408	806

8. Interests in subsidiaries

	Group	
	31.3.2015	**31.3.2014**
	$'000	$'000
Unquoted equity shares, at cost	28,764	28,672
Dividends received from pre-acquisition profits of subsidiaries	(2,696)	(2,696)
	26,068	25,976
Impairment losses	(20,992)	(20,454)
	5,076	5,522
Long-term loans to subsidiaries	114,206	112,978
Allowance for doubtful loans receivable	(67,889)	(67,889)
	46,317	45,089
	51,393	50,611
Movement in impairment losses:		
At beginning and ending of the year	20,454	19,674
Allowance made	538	780
	20,992	20,454
Movement in allowance for doubtful loans receivable:		
At beginning and end of the year	67,889	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.

8. Interests in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

	Name of company	Country of incorporation	Effective equity held by the Group 2015	2014
			%	%
+	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
**	Sembwang (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 (formerly known as Sembawang Engineers and Constructors Middle East FZE)	United Arab Emirates	100	100
**	Sembawang Bahrain S.P.C	Bahrain	100	100
+	Sembawang Consult Pte Ltd (FKA. SC Architects & Engineers Pte. Ltd)	Singapore	100	100
+	Sembawang Equity Capital Pte Ltd	Singapore	100	100

8. Interests in subsidiaries (cont'd)

	Name of company	Country of incorporation	Effective equity held by the Group 2015	2014
			%	%
@	Sembawang of Singapore - Global Project Underwriters Pte Ltd (formerly known as Sembawang Securities (Pte) Ltd)and its subsidiary:	Singapore	100	100
	@ Sembawang of Singapore- Global Project Underwriters Limited	Hong Kong	100	100
++	Sembawang Commodities Pte Ltd	Singapore	–	100
*	Sembawang Hong Kong Limited	Hong Kong	100	100
++	Sembawang International Limited	Hong Kong	–	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

* Audited by other member firms of Ernst & Young Global

** Audited by other firms of Certified Public Accountants

+ Audited by Ernst & Young LLP, Singapore

@ Subsidiaries are in the process to be struck off as at 31 March 2015

++ Struck-off

Acquisition of subsidiary

In 2014, the Company acquired an additional 50% equity interest in its 50% owned associate, Reliance Contractors Private Limited. Upon the acquisition, Reliance Contractors Private Limited became a subsidiary of the Company.

9. Construction work-in-progress/progress claims in excess of construction work-in-progress

	2015	2014
	$'000	$'000
Construction work-in-progress	90,927	114,815
Construction work-in-progress		
Costs and attributable profits (less recognised losses)	2,278,608	2,572,129
Progress claims	(2,187,681	(2,457,314)
	90,927	114,815

10. Trade receivables

	2015	2014
	$'000	$'000
Non-current accounts		
Retention monies on contracts	11,767	18,146
Current accounts		
Trade receivables	19,583	30,207
Retention monies on contracts	21,008	11,197
	40,591	41,404
Allowance for doubtful receivables	(492)	(420)
	40,099	40,984
Gross trade receivables	52,358	59,550

Gross trade receivables are denominated in the following currencies:

Singapore Dollars	34,829	47,747
Renminbi	189	180
United States Dollars	806	749
Hong Kong Dollars	16,534	10,874
	52,358	59,550

10. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Company has trade receivables amounting to $1,257,000 (2014: $1,229,000) 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:

	2015	**2014**
	$'000	$'000
Trade receivables past due:		
Lesser than 30 days	33	4
30 to 60 days	–	–
61 to 90 days	–	996
91 to 180 days	–	–
More than 180 days	1,224	229
	1,257	1,229

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:

	2015	**2014**
	$'000	$'000
Trade receivables – nominal amounts	534	457
Less: Allowance for doubtful trade receivables	(492)	(420)
	42	37
Movement in allowance accounts:		
At beginning of the year	420	468
Allowance made	57	–
Write back of allowance	–	(52)
Exchange difference	15	4
At end of the year	492	420

11. Other receivables and deposits

	2015	2014
	$'000	$'000
Advances to suppliers	1,117	1,935
Deposits	1,145	689
Staff loans and advances	1	2
	2,263	2,626
Disbursements and other recoverable expenses	372	292
Allowance for doubtful recoverable	(25)	(25)
	347	267
	2,610	2,893

12. Amounts due from related parties

	2015	2014
	$'000	$'000
Subsidiaries		
- Non-current accounts	430	414
Joint venture		
- Non-current accounts	20,144	18,719
	20,574	19,133

The amount due from subsidiaries is 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.

12. Amounts due from related parties (cont'd)

The loan to joint venture is secured, interest rate at 2.97% and has no fixed terms of repayment. The amounts are not expected to be repaid within the next twelve months.

	2015	2014
	$'000	$'000
Ultimate holding company		
- current accounts	220	207
Immediate holding company		
- current accounts	91.362	91,180
Related corporations		
- current accounts	8,437	8,083
- allowance for doubtful receivables	(2,137)	(2,137)
	6,300	5,946
Joint venture		
- current accounts	–	15
Subsidiaries		
- current accounts	6,010	5,852
- allowance for doubtful receivables	(1,803)	(2,322)
	4,207	3,530
	102,089	100,878

Movement in allowance for doubtful receivables accounts:		
At beginning of the year	4,459	6,994
Translation difference	1	–
Allowance made/(write-back of allowance)	518	(125)
Written off	–	(2,410)
At end of the year	3,940	4,459

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

At the end of the 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 $$85,044,000 (2014: $87,782,000) which is non trade in nature, unsecured, interest rate ranging from 5.3% to 5.8% (2014: 5.3% to 5.5%) and is repayable upon demand.

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

13. Cash and short term deposits

	2015	2014
	$'000	$'000
Cash at banks and in hand	7,870	26,439
Fixed deposits with banks	702	701
	8,572	27,140

Cash at banks 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:

	2015	2014
	$'000	$'000
Singapore dollars	6,315	13,609
United State dollars	–	417
Hong Kong Dollars	2,257	13,079
Others	–	35
	8,572	27,140

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

	2015	2014
	$'000	$'000
Cash and fixed deposits at bank and on hand	8,572	27,140
Bank overdrafts (Note 17)	(10,458)	(10,463)
Cash and short term deposits	(1,886)	16,677

14. Trade and other payables

	2015	2014
	$'000	$'000
Non-current accounts		
Trade payables and accruals	5,533	8,337
Current accounts		
Trade payables and accruals	144,689	143,019
Other payables	2,388	2,436
	147,077	145,455
Total trade payables and accruals	152,610	153,792

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

Trade payables and accruals are denominated in the following currencies:

	2015	2014
	$'000	$'000
Singapore dollars	122,811	121,504
Renminbi	1,731	1,640
United States dollars	142	110
Hong Kong Dollars	25,315	28,053
Others	223	49
	150,222	151,356

15. Amounts due to related parties

	2015	2014
	$'000	$'000
Short-term loans		
- Subsidiaries	2,896	3,708
Current accounts		
- Ultimate holding company	6,778	4,892
- Immediate holding company	159	159
- Subsidiaries	1,288	1,135
	8,225	6,186
	11,121	9,894

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

16. Provisions

	2015	2014
	$'000	$'000
Provision for warranty costs	279	279

17. Bank borrowings

	2015	2014
	$'000	$'000
Current:		
Revolving credits	15,659	23,873
Bank overdraft (Note 13)	10,458	10,463
Bank loan	7,600	-
	33,717	34,336
Non-current:		
Bank loan	–	7,600
Total bank borrowings	33,717	41,936

Revolving credits and bank overdraft bear effective interest ranging at 2.8% to 8.7% (2014: 2.5% to 6.7) 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 pledged deposit from a subsidiary. The amounts are payable in 2015.

18. Deferred tax

	2015	2014
	$'000	$'000
Deferred tax liabilities		
Construction work in progress	(1,270)	(7,300)
Deferred tax assets		
Unutilised tax losses	396	369

Movements in deferred tax are analysed as follows:
Deferred tax liabilities

	2015	2014
Balance at 1 April and at 31 March	(7,300)	(6,800)
Charged to income statement	6,030	(500)
	(1,270)	(7,300)

	2015	2014
Deferred tax assets		
Balance at 1 April	369	917
(Charged)/credited to income statement	–	(562)
Translation difference	27	14
Balance at 31 March	396	369

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

	2015	2014
Tax losses	36,384	15,104

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 unutilised tax losses is subject to the agreement of the tax authorities and compliance with provisions of the relevant tax legislations.

19. Share capital

	31.3.2015		31.3.2014	
	No. of shares in '000	$'000	No. of shares in '000	$'000
Issued and fully paid :				
Ordinary shares				
At beginning and end of the 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. The ordinary shares have no par value.

Reserves

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.

20. Commitments

The Company leases its office premises and certain machineries under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

Future minimum lease payments payable under non-cancellable operating leases as at 31 March 2015 and 31 March 2014 are as follows:

	2015	2014
	$'000	$'000
Operating lease commitments		
Payable:		
- within 1 year	1,324	1,786
- within 2 to 5 years	1,752	136
	3,076	1,922

21. Significant related party transactions

Other than those disclosed elsewhere in the financial statements, the Company had the following significant related party transactions during the financial year and the effect of these transactions on terms agreed between the parties are reflected in the financial statements as follows:

	2015	2014
	$'000	$'000
(a) ***Sales and purchases of goods and services***		
Expenses charged by ultimate holding company	3,164	3,386
income:		
- immediate holding company	5,100	4,127
- subsidiary	–	803
- joint venture	–	125
(b) ***Key management personnel compensations***		
The key management personnel compensation are as follows:		
Short-term employee benefits	1,400	2,715
Defined contribution plan	29	27
	1,429	2,742
Comprise amounts paid to:		
- Director of the Company	439	1,181
- Other key management personnel	991	1,561
	1,429	2,742

22. Contingent liabilities (unsecured)

(a) *Financial support to subsidiaries*

As at the balance sheet date, the Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to operate as going concerns in the foreseeable future.

(b) *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 has 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 is also involved in arbitration proceedings where claims are made against customers/contractors/suppliers or by customers/contractors/ suppliers against the Company, for various reasons such as change in specifications and design, delays, defective workmanship and materials used and non-compliance with specifications.

The Company assesses the carrying value of various claims, periodically, and make provisions for any unrecoverable amount or liabilities arising from the legal and arbitrations proceedings that they may be involved in from time to time.

Although there can be no assurances, the Company believes that based on currently available information, 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.

(c) *Corporate guarantee*

As at the balance sheet date, the Company has provided a corporate guarantee to a bank for a US$45,000,000 (2014: US$45,000,000) loan taken by its immediate holding company.

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23. Interests 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.

Details of the joint operations are as follows:

Name of joint operations (Country of incorporation and place of business)	Principal activities	Effective interest held 2015 %	2014 %
Total-CDC-DNC Joint Operation (Indonesia)	Construction of a hotel and golf course recreation centre	40	40
Kumagai-Sembawang-Mitsui Joint Venture (Singapore)	Design and construction of the Potong Pasir and Boon Keng MRT Stations (MRT Contract 705), including tunnels	45	45
Kumagai-SembCorp Joint Venture (Singapore)	Design and construction the Changi Airport MRT Station (MRT Contract 504) including tunnels	50	50
Philipp Holzmann-SembCorp Joint Venture (Singapore)	Design and construction of Kranji Deep Tunnel Sewerage System (Contract T-05)	100	100
Kumagai-SembCorp Joint Venture (DTSS) (Singapore)	Design and construction of Paya Lebar Deep Tunnel Sewerage System (Contract T-03)	50	50
Semb-Corp Daewoo Joint Venture (Singapore)	Design and construction of Kallang and Paya Lebar Expressway(Contract 422)	60	60
Sembawang Caspi Engineers and Constructors LLP (Republic of Kazakhstan)	Engineering, procurement and construction works	50	50
Sembawang-Leader Joint Venture (Hong Kong)	Construction of Shatin to Central Link Diamond Hill Station	55	55
Held by subsidiaries			
Sembawang Precast System LLC (Emirate of Dubai)	Precast production including pre-casting of columns, retaining walls and tunnel segments.	50	50

23. Interests in joint operations (cont'd)

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 operation. On 27 March 2002, the Company exercised its rights under the joint operation agreement to exclude Philipp Holzmann 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 operation as at the time of its exclusion but Philipp Holzmann's share in any loss shall always be in equal proportions with the Company. As Philipp Holzmann is undergoing liquidation in Germany, it is unlikely that it will be able to fulfil 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 2015.

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

	Joint operations		**Company's share**	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
		Restated		**Restated**
Results				
Revenue	67,423	104,886	37,083	57,687
Expenses	(72,840)	(100,991)	(40,061)	(54,310)
Profit before taxation	(5,417)	3,895	(2,978)	3,377
Assets and liabilities				
Non-current assets	15,351	695	8,443	382
Current assets	33,879	9,795	18,544	5,387
Non-current liabilities	–	(49,204)	–	(26,979)
Current liabilities	(50,174)	(55,181)	(27,351)	(30,121)
	(944)	(93,895)	(364)	(51,331)

24. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

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

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, deposits, current trade and other payables, due from and to related parties and minority shareholders of subsidiaries, based on their notional amounts, are reasonable approximation of fair values, due to their short-term nature.

The carrying amounts of non-current trade receivables and payable are reasonable approximation of fair values, estimated by discounting expected future cash flows at effective interest rates for similar instruments at the at the balance sheet date. The effective interest rate as at 31 March 2015 is 3.4% (2014: 3.8%).

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

The long term loans to subsidiaries have no fixed term of repayment and are not expected to be repaid within the next twelve months. Accordingly, the fair value of the amounts cannot be determined as the timing of the future cash flows cannot be estimated reliably.

25. Fair value of financial instruments

Set out below is a comparison by category of carrying amounts of all the Company's financial instruments that are carried in the financial statements:

Classification of financial instruments

	Loans and receivables $'000	**Non-financial assets** $'000	**Total** $'000
2015			
Assets			
Property, plant and equipment	–	1,578	1,578
Intangible assets	–	672	672
Interest in subsidiaries	–	5,076	5,076
Loan to subsidiaries	46,317	–	46,317
Trade receivables	51,866	–	51,866
Other receivables and deposits	2,610	–	2,610
Prepayment	–	405	405
Inventories and construction work-in-progress	–	90,927	90,927
Amount due from related parties	122,663	–	122,663
Deferred tax assets	–	396	396
Cash and short term deposits	8,572	–	8,572
	232,028	99,054	331,082

	Financial liabilities at amortised cost $'000	**Non-financial liabilities** $'000	**Total** $'000
Liabilities			
Trade and other payables	152,610	–	152,610
Amounts due to related parties	11,121	–	11,121
Current tax payable	–	5,256	5,256
Provision for warranty cost	–	279	279
Bank borrowings	26,117	–	26,117
Bank loan	7,600	–	7,600
Deferred tax liabilities	–	1,270	1,270
	197,448	6,805	204,253

25. Fair value of financial instruments (cont'd)

Classification of financial instruments (cont'd)

	Loans and receivables $'000	Non-financial assets $'000	Total $'000
2014			
Assets			
Property, plant and equipment	–	2,096	2,096
Intangible assets	–	806	806
Interest in subsidiaries	–	5,522	5,522
Loan to subsidiaries	45,089	–	45,089
Trade receivables	59,130	–	59,130
Other receivables and deposits	2,893	–	2,893
Prepayment	–	624	624
Inventories and construction work-in-progress	–	114,815	114,815
Amount due from related parties	120,011	–	120,011
Deferred tax assets	–	369	369
Cash and short term deposits	27,140	–	27,140
	254,263	124,232	378,495

	Financial liabilities at amortised cost $'000	Non-financial liabilities $'000	Total $'000
Liabilities			
Trade and other payables	153,792	–	153,792
Amounts due to related parties	9,894	–	9,894
Amount due to minority shareholders of subsidiaries	33	–	33
Current tax payable	–	2,115	2,115
Provision for warranty cost	–	279	279
Bank borrowings	34,336	–	34,336
Bank loan	7,600	–	7,600
Deferred tax liabilities	–	7,300	7,300
	205,655	9,694	215,349

26. Fair value of financial instruments

Exposure to credit, liquidity and foreign currency risks arises in the normal course of the Company's business. The Company has risk management policies which set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such policies are reviewed by the management with sufficient regularity to ensure that the Company's policy guidelines are adhered to.

26. Financial risk management objectives and policies (cont'd)

No changes were made in financial risk management objectives and policies during the year.

(a) ***Credit risk***

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount as and when necessary. The Company does not require collateral in respect of financial assets.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and short term deposits and other receivables (including related party balances), the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

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:

	2015		**2014**	
	$'000	% of total	$'000	% of total
By country:				
Singapore	34,294	65	47,221	79
China	534	1	457	1
Hong Kong	16,534	32	10,874	18
Others	996	2	998	2
	52,358	100	59,550	100

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 91% (2014: 97%) 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.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10 (Trade receivables).

26. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk***

The Company's cash and short term deposit, operating cash flows, availability of banking facilities and debt maturity profile are constantly managed to ensure adequate working capital requirements and that repayment and funding needs are met.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	2015				2014			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company								
Financial assets:								
Trade receivables	40,591	12,160	–	52,751	41,404	18,542	–	59,946
Other receivables and deposits	2,635	–	–	2,635	2,918	–	–	2,918
Amount due from related parties	110,583	20,574	–	131,157	110,037	19,133	–	129,170
Cash and short term deposits	8,572	–	–	8,572	27,140	–	–	27,140
Total undiscounted financial assets	162,381	32,734	–	195,115	181,499	37,675	–	219,174
Financial liabilities:								
Trade and other payables	147,077	5,986	–	153,063	145,455	8,890	–	154,345
Amounts due to related parties	11,121	–	–	11,121	9,894	–	–	9,894
Bank borrowings	34,808	–	–	34,808	35,422	7,828	–	43,250
Total undiscounted financial liabilities	193,006	5,986	–	198,992	190,771	16,718	–	207,489
Total net undiscounted financial assets	(30,625)	26,748	–	(3,877)	(9,272)	20,957	–	11,685

26. Financial risk management objectives and policies (cont'd)

(c) ***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 Group.

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

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

(d) ***Foreign currency risk***

The Company incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Singapore dollars (SGD). The currencies giving rise to this risk are primarily United States dollars (USD).

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

Sensitivity analysis for foreign currency risk

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

	Profit net of tax	
	2015	**2014**
	$'000	$'000
USD/SGD		
- strengthened 3% (2014: 3%)	670	304
- weakened 3% (2014: 3%)	(670)	(304)

27. Capital management

The primary objective of the Company's capital management is to ensure that an appropriate capital structure is maintained in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustment to it, in the light of changes in economic conditions and capital markets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, or effect long-term loans as and when appropriate. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2015 and 31 March 2014.

The Company is currently in net cash position. The Company will continue to be guided by prudent financial policies of which gearing is an important aspect.

	2015	**2014**
	$'000	$'000
Bank borrowings	33,717	41,936
Equity attributable to equity holders of the Company	126,829	163,146
Gearing ratio	26.6%	25.7%

28. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 20 May 2015.