Company Registration No. 198400597R

Sembawang UAE Pte. Ltd.

Annual Financial Statements
31 March 2015

Sembawang UAE Pte. Ltd.

General information

Directors

Atul Punj
Jayarama Prasad Chalasani (appointed on 20 April 2015)
Luv Chhabra (resigned on 10 April 2015)

Secretary

Loh Lee Eng (Appointed on 24 March 2015)
Lick Lay Chen (Resigned on 23 Dec 2014)

Registered Office

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

Auditor

Ernst & Young LLP

Bankers

DBS Bank Ltd

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The directors are pleased to present their report to the member together with the audited financial statements of Sembawang UAE Pte. Ltd. (the "Company") for the financial year ended 31 March 2015.

Directors

The directors in office at the date of this report are:

Atul Punj
Jayarama Prasad Chalasani (appointed on 20 April 2015)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year in shares or debentures in the Company and its related corporations were as follows:

	Direct interest		**Deemed interest**	
	At 1 April 2014	**At 31 March 2015**	**At 1 April 2014**	**At 31 March 2015**
Ultimate holding company				
Punj Lloyd Limited				
(Ordinary shares of Rps 2 each)				
Atul Punj	1,431,360	1,431,360	97,839,775	97,839,775

Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than any emoluments received from a related corporation) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

Atul Punj
Director

Jayarama Prasad Chalasani
Director

Singapore
_______ 2015

Statement by directors

We, Atul Punj and Luv Chhabra, being the directors of Sembawang UAE Pte. Ltd. (the "Company"), do hereby state that, in our opinion:

(i) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity, and cash flow statement together with 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 as the immediate holding company has agreed to provide continuing financial support to the Company.

Atul Punj
Director

Jayarama Prasad Chalasani
Director

Singapore
_______ 2015

Independent auditor's report to the member of Sembawang UAE Pte. Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Sembawang UAE Pte. Ltd. (the "Company") set out on pages 6 to 27, which comprise the balance sheet as at 31 March 2015, and the 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 the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that 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 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 member of Sembawang UAE Pte. Ltd.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and 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 year ended on that date.

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.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

_______ 2015

Sembawang UAE Pte. Ltd.

Income statement
For the financial year ended 31 March 2015

	Note	2015	2014
		$	$
Other operating income		10,175	810,533
Administrative expenses		(333,517)	(323,375)
Other operating expenses		-	(816,463)
Loss before taxation	3	(323,342)	(329,305)
Taxation	4	-	462,172
Profit for the financial year		(323,342)	132,867

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

Sembawang UAE Pte. Ltd.

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

	2015	2014
	$	$
(Loss)/Profit for the financial year	(323,342)	132,867
Other comprehensive loss:		
Foreign currency translation	(137,042)	(36,973)
Other comprehensive income/ (loss) for the year, net of tax	(137,042)	(36,973)
Total comprehensive (loss)/ income for the year	(460,384)	95,894

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

Sembawang UAE Pte. Ltd.

Balance sheet
As at 31 March 2015

	Note	2015	2014
		$	$
Non-current asset			
Property, plant and equipment	5	7,487	8,735
Current assets			
Other receivables and deposits	6	75,278	22,812
Prepayments		1,196	11,438
Amounts due from related parties	7	936,897	2,318,380
Cash and cash equivalents	8	167,216	61,989
		1,180,587	2,414,619
Current liabilities			
Trade and other payables	9	110,364	74,539
Amounts due to related parties	7	2,230,483	3,041,204
		2,340,847	3,115,743
Net current liabilities		(1,160,260)	(701,124)
Net liabilities		(1,152,773)	(692,389)
Equity			
Share capital	10	15,500,000	15,500,000
Currency translation reserve	11	518,412	655,454
Accumulated losses		(17,171,185)	(16,847,843)
Total equity		(1,152,773)	(692,389)

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

Sembawang UAE Pte. Ltd.

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

	Share capital	Accumulated losses	Currency translation reserve	Total
	$	$	$	$
Balance at 1 April 2013	15,500,000	(16,980,710)	692,427	(788,283)
Profit for the year	–	132,867	–	132,867
Other comprehensive loss	–	–	(36,973)	(36,973)
Total comprehensive income for the year	–	132,867	(36,973)	95,894
Balance at 31 March 2014	15,500,000	(16,847,843)	655,454	(692,389)
Loss for the year	–	(323,342)	–	(323,342)
Other comprehensive loss	–	–	(137,042)	(137,042)
Total comprehensive income for the year	–	(323,342)	(137,042)	(460,384)
Balance at 31 March 2015	15,500,000	(17,171,185)	518,412	(1,152,773)

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

Sembawang UAE Pte. Ltd.

Cash flow statement
For the financial year ended 31 March 2015

	2015	2014
	$	$
Cash flows from operating activities		
Loss before taxation	(323,342)	(329,305)
Adjustments for:		
Interest income	-	(803,635)
Interest expense	-	803,635
Exchange loss	(137,597)	(36,972)
Depreciation of property, plant and equipment	1,803	187
Operating loss before working capital changes	(459,136)	(366,090)
(Increase)/decrease in other receivables	(42,224)	8,110
Decrease in amount due from related parties	1,381,483	666,590
Decrease in amount due to related parties	(810,721)	(607,326)
Increase/(decrease) in payables and accruals	35,825	(3,641)
Net cash flows used in operating activities	105,227	(302,357)
Cash flow from Investing activity		
Purchase of fixed asset	-	(8,883)
Net cash flows used in investing activity	-	(8,883)
Net decrease in cash and cash equivalents	105,227	(311,240)
Cash and cash equivalents at beginning of financial year	61,989	373,229
Cash and cash equivalents at end of financial year	167,216	61,989

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 460 Alexandra Road, #27-01, PSA Building, Singapore 119963.

The immediate and ultimate holding company are Sembawang Engineers and Constructors Pte Ltd, a company incorporated in Singapore, and Punj Lloyd Limited ("PLL"), a company incorporated in India, respectively.

The principal activities of the Company are those relating to civil engineering and construction work.

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"). It includes the financial statements of a branch in United Arab Emirates.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $).

2.2 *Fundamental accounting concepts*

The Company's total liabilities exceed its total assets by $1,152,773 (2014: $692,389). The financial statements of the Company have been prepared under the going concern concept as the Company's immediate holding company has agreed to continue financing the operations of the Company and to provide adequate funds to the Company to meet its liabilities as and when they fall due.

2.3 *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 April 2014. The adoption of these standards did not have any effect on the financial performance or position of the Company.

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

2.4 *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*	
(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
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 nature of the impending changes in accounting period on adoption of FRS 115 and FRS 109 are described below:

FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

Except for the above, the directors expect that the adoption of the other 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)

2.5 ***Plant and equipment***

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Office equipments	–	5 years
Computers	–	3/5 years
Furniture and fittings	–	3 years

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of 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 de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 ***Significant accounting judgements and estimates***

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, 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.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statement was 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 year in which such determination is made. The carrying amount of the Company's tax payables at 31 March 2015 was $____ (2014: $Nil).

2.7 ***Foreign currency***

Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its branch and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

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

2.7 *Foreign currency (cont'd)*

Foreign currency translation

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period 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 profit or loss.

2.8 *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 to sell 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 groups 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 to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, 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 profit or loss in those expense categories consistent with the function of the impaired asset.

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 profit or loss.

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

2.9 *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

The subsequent measurement of financial assets depends on their classification as follows:

<u>Loans and receivables</u>

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 profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 profit or loss.

2.10 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and bank balances which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 *Other receivables*

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 2.12 below.

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

2.12 *Impairment of financial assets*

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

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 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 profit or loss.

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.

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 profit or loss.

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

2.13 *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. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

De-recognition

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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 *Employees' end of service benefits*

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

2.15 *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 resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period 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. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

2.16 *Operating leases*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.17 *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 end of the reporting period, in the country where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, 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 end of the reporting period 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 an asset or liability at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 the end of each reporting period 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 the end of each reporting period.

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

2.17 *Taxes (cont'd)*

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. 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.

2.18 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest income is recognised using the effective interest-method.

3. Loss before taxation

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

	2015	**2014**
	$	$
Other operating income include		
Interest income from related party	-	(803,635)
Foreign exchange gain	(10,175)	(1,779)
Other operating expenses include		
Interest expenses to related party	-	803,635
Administrative expenses include		
Depreciation of plant and equipment	1,803	187
Rental expenses	13,426	11,812
Staff cost		
Salaries and other related cost	230,757	246,188

4. Taxation

The Company does not have any taxable income for the financial years ended 31 March 2015 and 2014.

The reconciliation between income tax and the product of accounting loss multiplied by the applicable tax rate for the years ended 31 March was as follows:

	2015	2014
	$	$
Profit/ (Loss) before taxation	(323,342)	132,867
Tax at statutory tax rate of 17% (2014:17%)	54,968	22,587
Adjustment:		
Expenses not deductible	(54,968)	–
Income not taxable	-	(22,587)
Over provision in respect of previous years	-	462,172
	(54,968)	462,172

5. Property, plant and equipment

	Office equipment	Computers	Total
	$	$	$
Cost			
At 1 April 2013	6,456	13,444	19,900
Addition	–	8,883	8,883
Translation difference	133	275	408
At 31 March 2014	6,589	22,602	29,191
Addition	–	–	–
Translation difference	501	1,718	2,219
At 31 March 2015	7,090	24,320	31,410
Accumulated depreciation			
At 1 April 2013	6,416	13,444	19,860
Depreciation charge for the year	40	147	187
Translation difference	132	277	409
At 31 March 2014	6,588	13,868	20,456
Depreciation charge for the year	501	1,163	1,664
Translation difference	–	1,803	1,803
At 31 March 2015	7,089	16,834	23,923
Net carrying amount			
At 31 March 2014	1	8,734	8,735
At 31 March 2015	1	7,486	7,487

6. Other receivables and deposits

	2015	2014
	$	$
Staff loans	1,488	346
Deposit	24,174	22,466
Recoverable	49,616	–
	75,278	22,812

Staff loans are interest-free, unsecured and repayable upon demand.

7. Amounts due from/(to) related parties

	2015	2014
	$	$
Amounts due from related corporation		
- non-trade	381,468	1,244,323
Amount due from immediate holding company		
- non-trade	659,247	1,170,542
	1,040,715	2,414,865
Less provision made	(103,818)	(96,485)
Translation difference	–	–
	936,897	2,318,380
Amount due to ultimate holding company		
- non-trade	(399,646)	(371,420)
Amounts due to immediate holding company		
- non trade	(9,535)	(808,236)
Amounts due to related corporation		
- non-trade	(1,821,302)	(1,861,548)
	(2,230,483)	(3,041,204)

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

The non-trade amounts due to the ultimate holding company, immediate holding company and related corporation are unsecured, interest-free and repayable upon demand.

8. Cash and cash equivalents

	2015	2014
	$	$
Cash at banks and on hand	167,216	61,989

Cash and cash equivalents are denominated in the following currencies:

	2015	2014
Singapore Dollars	1,495	10,107
United States Dollars	–	27,027
Arab Emirates Dollars	165,721	24,855

9. Trade and other payables

	2015	2014
	$	$
Trade payables	22,750	–
Other payables	–	4,819
Accrued operating expenses	87,614	69,720
	110,364	74,539

10. Share capital

	2015		2014	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares:				
At beginning and end of the year	15,500,000	15,500,000	15,500,000	15,500,000

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 restriction. The ordinary shares have no par value.

11. Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of a foreign operation 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 operation.

12. Financial risk management objectives and policies

The Company is exposed to credit risk, liquidity risk and foreign currency risk arising in the normal course of the Company's business. The Company has risk management policies which set out its overall business strategies, its tolerance of 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.

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

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

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.

At the end of the reporting period, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

Liquidity risk is risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

At the end of the reporting period, all the Company's financial assets and liabilities will mature in less than one year based on the carrying amount reflected in the financial statements.

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

Foreign currency risk

The Company incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's operations. The currencies giving rise to this risk are primarily United Arab Emirates Dirham (AED) and United State Dollars (USD).

In respect of monetary assets and liabilities held in currencies other than the functional currencies of the Company's operations, 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 SGD, AED and USD exchange rates against the respective functional currencies of the Company's operation, with all other variables held constant

		2015	2014
		$	$
SGD/AED	- strengthened 3%	(48,552)	(45,925)
	- weakened 3%	48,552	45,925
USD/SGD	- strengthened 3%	506	369
	- weakened 3%	(506)	(369)

13. Fair value of financial instruments

Fair values

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 cash equivalents, other receivables, trade and other payables, amounts due from related parties and due amounts to related parties based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature.

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

Classification 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:

	Loans and receivables $	Non-financial assets $	Total $
2015			
Assets			
Property, plant and equipment	–	7,487	7,487
Other receivables and deposits	75,278	–	75,278
Prepayment	–	1,196	1,196
Amount due from related parties	936,897	–	936,897
Cash and cash equivalents	167,216	–	167,216
	1,179,391	8,683	1,188,074

	Liabilities at amortised cost $	Non-financial liabilities $	Total $
Liabilities			
Trade and other payables	110,364	–	110,364
Amount due from related parties	2,230,483	–	2,230,483
	2,340,847	–	2,340,847

	Loans and receivables $	Non-financial assets $	Total $
2014			
Assets			
Property, plant and equipment	–	8,735	8,735
Other receivables and deposits	22,812	–	22,812
Prepayment	–	11,438	11,438
Amount due from related parties	2,318,380	–	2,318,380
Cash and cash equivalents	61,989	–	61,989
	2,403,181	20,173	2,423,354

13. Financial instruments (cont'd)

	Liabilities at amortised cost $	Non-financial liabilities $	Total $
2014			
Trade and other payables	74,539	–	74,539
Amount due from related parties	3,041,204	–	3,041,204
Current tax payable	–	–	–
	3,115,743	–	3,115,743

14. 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 capital distribution 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.

15. 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 _______ 2015.